

**Data Request #1**

Question 1: SBC provided one spreadsheet that showed its estimated revenues and estimated number of access lines between the years 1999 and 2004 as the only supporting documentation involved in calculating the \$41 million shortfall experienced by Pacific Bell. However, SBC did not provide all of the calculations that should have been used in determining its estimated revenues from the LNP charges between the years 1999 and 2004. SBC did not justify the use of estimated revenues and number of access line between the years 1999 and 2004 versus the use of actual revenues and number of access lines between the years 1999 and 2004.

Questions 2A to 2D: SBC answered these questions satisfactorily.

Questions 3A to 3B: SBC answered these questions satisfactorily.

Question 4: SBC did not provide the contract limitations nor identify the customers to which these contract limitations applied. SBC did identify the types of contracts SBC employed for these customers. SBC indicated that the \$37 million uncollected LNP charges due to pre-existing contracts were all borne by Pacific Bell, yet SBC admitted that it did not actually identify the revenue loss due to not collecting LNP charges for the customers with the contract limitations. Given that information, how did SBC come up with the \$37 million figure if it did not actually identify the revenue loss to not collecting LNP charges for the customers with the contract limitations?

Questions 5A to 5D: SBC answered these questions satisfactorily. However, a flaw in SBC's analysis is that it did not use the booked LNP charges within its general ledger that it collected from charging the LNP fee to calculate the LNP revenue shortfall experienced by Pacific Bell.

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**Data Request #2**

SBC satisfactorily and quickly answered all of the questions within Data Request #2.

**Data Request #3**

Question 1: SBC answered these questions satisfactorily. Another flaw in SBC's analysis is that it did not use constant dollars when it summed the estimated revenues between the years 1999 and 2004. SBC subtracted the total estimated revenues from the total authorized recovery of \$404 million to calculate the LNP shortfall experienced by Pacific Bell.

Question 2: SBC showed the calculations involved in determining the estimated revenues thereby demonstrating the elements and the corresponding values of these elements making up the estimated revenues. SBC did not provide the actual number of access lines attributed to local exchange customers, to line side access customers, and to resale customers for the five-year recovery period; and indicated that these figures were irrelevant to the issues raised in SBC's Waiver and Forbearance Petitions. Moreover, SBC did not provide the actual revenues collected from local exchange customers, from line side access customers, and from resale customers for the five-year recovery period; and indicated that these figures were irrelevant to the issues raised in SBC's Waiver and Forbearance Petitions. We disagree that these figures are irrelevant since according to SBC's transmittals 2029, 2056, and 2037, the only customers to whom the Basic SPNP Service could apply are to local exchange customers, to line side access customers, and to resale customers. Therefore, any estimated or actual revenues should be based on the LNP charges collected from local exchange customers, line side access customers, and resale customers. Furthermore, SBC should have these figures since according to Mr. John G. Connelly, SBC determines the LNP revenue from end users and CLECs by using Uniform Service Order Codes and revenue codes specific to LNP charges of which the General Ledger reconciles.

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Question 3: SBC answered this question satisfactorily.

Question 4: SBC did not justify that it did not collect LNP revenues of \$37 million from customers with contract limitations. SBC neither described these contract limitations nor provided copies of these contract limitations. SBC also indicated that it did not review the contracts to find out whether they could have been re-structured to apply the LNP charge. SBC also specified that this figure of \$37 million was irrelevant. We disagree for several reasons. First, SBC obviously considers this figure relevant, contrary to its response to the CPUC's data request, since in its petitions, it adjusted the LNP shortfall by \$37 million. Therefore, SBC has made it a factor in determining the LNP shortfall where it can positively or negatively adjust the shortfall. Second, the missing revenue due to these contract limitations was only experienced by Pacific Bell. Thus, this missing revenue is only associated with California where the CPUC's interests lie. Third, the lack of supporting documentation and calculation of this \$37 million after the CPUC staff's request for information implies that SBC does not have the ability to prove that it actually exists. Fourth, we are concerned that by not charging the LNP fee to customers with these supposed contract limitations, California's residential customers bore most of the financial burden associated with the LNP fee.

Question 5: SBC responded satisfactorily to this request.

Question 6: SBC responded satisfactorily to this request.

**INCONSISTENCY:** Within SBC's Waiver and Forbearance Petitions, it calculated the LNP shortfall (\$248 million) by subtracting the actual collected revenues from end users and CLECs (\$1.027 billion) from the authorized

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revenue (\$1.275 billion). It then adjusted that LNP shortfall downwards by \$37 million resulting in an adjusted LNP shortfall of \$211 million. However, to support SBC's claim that Pacific Bell had a shortfall, SBC used estimated revenues and estimated number of access lines. Yet, both methods produced the same shortfall of \$41 million. This represents an inconsistency either in the information that John G. Connelly provided to the FCC or the data that SBC provided to the CPUC.